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NEWS RELEASE

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KENTUCKY PSC APPROVES DUKE-CINERGY MERGER
Accepts settlement agreement that will reduce rates for Kentucky customers

FRANKFORT, Ky. (Nov. 29, 2005) – The Kentucky Public Service Commission (PSC) has approved the merger of Cinergy Corp., parent company of The Union Light, Heat & Power Co. (ULH&P), with Duke Energy Corp.

As a result of the PSC's decision, ULH&P's 145,000 ratepayers in northern Kentucky will receive credits totaling at least \$7.6 million over the five years following completion of the merger. Those credits will be used to reduce the base rates ULH&P charges retail electric and natural gas customers in six Kentucky counties.

In approving the merger, the PSC determined that Duke Energy has met the statutory requirement of demonstrating that it has the technical, managerial and financial expertise to manage ULH&P, and that the merger would be in the public interest.

ULH&P will continue to operate as a subsidiary of Cinergy, while Cinergy will become a part of Duke Energy, which is headquartered in Charlotte, N.C. Total net savings for the new corporation in the first five years following the merger are projected to be \$1.34 billion.

The merger still must be approved by regulators in North Carolina, Ohio and Indiana. In the event that customers in any of those states receive a larger proportion of the net savings than customers in Kentucky, the credits to ULH&P ratepayers will be increased to match the highest allocation.

In an order issued today, the PSC accepted an agreement reached by the merging companies with the Kentucky Office of Attorney General and the Kroger Corp., a major customer of ULH&P.

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The agreement approved by the PSC sets forth 46 conditions and commitments by Duke Energy and Cinergy. Among them are:

- Submission of an annual report by ULH&P to the PSC on electric outages as a means of monitoring the commitment to maintain reliability and service quality after the merger.
- Continued day-to-day oversight of ULH&P operations by executive-level personnel based in the Cincinnati area.
- A continued substantial involvement by ULH&P in community activities, including charitable contributions.
- A continued support of economic development activities in ULH&P's service territory.
- Maintenance of customer services, including around-the-clock availability of power outage reporting and online and automated telephone services for billing and other routine information.

Today's order, the settlement agreement and other case documents are available on the PSC Web site: psc.ky.gov. The case number is 2005-00228.

The PSC is an agency within the Environmental and Public Protection Cabinet. It regulates more than 1,500 gas, water, sewer, electric and telecommunication utilities operating in the Commonwealth of Kentucky and has approximately 110 employees.

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